Upcoming changes to CRS regulations

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The Cayman Islands government has made significant changes to the Common Reporting Standard ("**CRS**") regime, as set out in the Tax Information Authority (International Tax Compliance) (Common Reporting Standard) (Amendment) Regulations, 2025. These changes, which take effect from 1 January 2026 (with certain key deadlines applying from 2027), are intended to comply with the OECD's 2023 updates to the CRS, which enhance certain requirements and expand the regime to include digital assets. The most significant changes are highlighted below.

Key changes to filing deadlines

The initial registration deadline for Financial Institutions ("**FIs**") commencing business from 1 January 2026 will be brought forward to 31 January of the following year, replacing the previous deadline of 30 April. From 2027, the deadline for filing CRS returns will also be advanced to 30 June (previously 31 July), and the deadline for submission of the CRS compliance form will move to 30 June (from 15 September). Any changes to registration details require a change form to be filed within 30 days. These changes require FIs to update their internal compliance calendars and ensure that all relevant information is prepared and submitted in a timely manner.

Principal point of contact residency requirement

A notable new requirement is that each FI must appoint a Principal Point of Contact ("**PPoC**") who is resident in the Cayman Islands. For FIs commencing business from 1 January 2026, this requirement applies from the outset. Pre-existing FIs without a Cayman-resident PPoC must file a change form with details of their new PPoC by 31 January 2027. The PPoC is responsible for compliance communications with the Cayman Islands' Tax Information Authority, the Department for International Tax Cooperation ("**DITC**"). FIs should review their current PPoC arrangements to ensure compliance with this residency obligation.

Immediate penalties for non-compliance

The amendments introduce a more robust enforcement regime. From 2026, the DITC will have the power to impose immediate penalties of $5,000 or $10,000 for missed filing deadlines, without first issuing a breach notice. This change underscores the importance of timely compliance and the need for FIs to implement effective internal controls to avoid inadvertent breaches.

Expansion to cover digital assets

The definition of "Financial Assets" has been broadened to cover digital assets. "Depository Institution" now includes entities that hold digital fiat currencies (such as stablecoins and central bank digital currencies) for customers. The definition of "Investment Entity" has also been expanded to include entities that invest in, administer, or manage digital assets (other than digital fiat currencies) for customers, as well as those that invest or trade in such assets and are managed by another FI.

These amendments complement the introduction of the Tax Information Authority (International Tax Compliance) (Crypto-Asset Reporting Framework) Regulations, 2025. For further detail on this, please see our briefing The Crypto-Asset Reporting Framework and its implications for the Cayman Islands.

Other notable amendments

The Regulations also introduce enhanced due diligence and data quality requirements, with robust procedures needed to ensure account information is "adequate, accurate and current". FIs are required to obtain valid self-certifications at or before account opening and maintain written policies for verifying tax residency data. Where self-certifications are delayed or incomplete, fallback measures must be documented and applied consistently.

Next steps

In light of these changes, FIs should review and update their compliance frameworks, ensuring that all new deadlines are reflected in internal processes. Particular attention should be paid to the appointment and documentation of a Cayman-resident PPoC, as well as to the classification and reporting of digital asset activities. Enhanced internal controls should be implemented to mitigate the risk of immediate penalties for late filings, and staff should be trained on the expanded due diligence and reporting requirements.

To discuss any of the above in more detail, please contact the Carey Olsen team.

FIND US

Carey Olsen
PO Box 10008
Pavilion East
Cricket Square
Grand Cayman KY1-1001
Cayman Islands

T +1 345 749 2000
E cayman@careyolsen.com

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